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## UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re Earth Fare, Inc., et al., Debtors **Case No. 20-10256**Reporting Period: 03/01/21 - 03/31/21

#### MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

		Document	Explanation	Affidavit/Supplement
REQUIRED DOCUMENTS	Form No.	Attached	Attached	Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

| Solution | Mindy Harvey | Algorithms | Algori

<sup>\*</sup>Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

# UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re Earth Fare, Inc., et al., Debtors Case No. 20-10256

Reporting Period: 03/01/21 - 03/31/21

#### MONTHLY OPERATING REPORT

#### NOTES

On February 4, 2020 (the "**Petition Date**"), Earth Fare, Inc. and EF Investment Holdings, Inc. (together, the "**Debtors**") each filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). The Debtors' bankruptcy filings are jointly administered under Case No. 20-10256.

The accompanying schedules MOR-1 through MOR-5 are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("U.S. GAAP") in all material respects. In addition, the financial statements and the supplemental information contained herein represent the financial information on a consolidated basis of the Debtors.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtors. The information presented herein has not been subjected to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statements in accordance with U.S. GAAP.

Given the complexity of the Debtors' business, inadvertent errors, omissions or over inclusions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation or other statement in this Monthly Operating Report and reserve the right to amend or supplement this Monthly Operating Report, if necessary, but shall be under no obligation to do so.

Reporting Period:

Case No. 20-10256 03/01/21 - 03/31/21

#### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS			CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	18,370,390		492,861				
		<u> </u>	,				
RECEIPTS							
CASH SALES	-						
ACCOUNTS RECEIVABLE	12,811						
LOANS AND ADVANCES	-						
SALE OF ASSETS	-						
OTHER (ATTACH LIST)	6,236						
TRANSFERS (FROM DIP ACCTS)	-						
	·						
TOTAL RECEIPTS	19,047						
DISBURSEMENTS							
NET PAYROLL	33,171						
PAYROLL TAXES	-						
SALES, USE, & OTHER TAXES	-						
INVENTORY PURCHASES	-						
SECURED/ RENTAL/ LEASES	-						
INSURANCE	91,514						
ADMINISTRATIVE	76,540		545				
SELLING	-						
OTHER (ATTACH LIST)	29,485						
OWNER DRAW *	-						
TRANSFERS (TO DIP ACCTS)	-						
PROFESSIONAL FEES	20,934						
U.S. TRUSTEE QUARTERLY FEES	-						
	-						
TOTAL DISBURSEMENTS	251,644		545				
ATET CACH FLOW	(222.505	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	(5.15)	1			
NET CASH FLOW	(232,597	)	(545)				
(RECEIPTS LESS DISBURSEMENTS)							
CASH - END OF MONTH	18,137,793		492,317				
	18,137,793		492,317			<b>√</b>	1

<sup>\*</sup> COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

## THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	251,644
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	14,341
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	265,985

## SCHEDULE OF OTHER FEES AND EXPENSES PAID

		Amount		Check	Amount Paid		Year-To-Date
Payee	Period Covered	Approved	Payor	Number	Fees	Expenses	Fees
Debtor Professional Fees Escrow &							
Committee Professional Fees Escrow							3,420,000.00
Chapman & Cutler							210,127.50
Director Fee	March 2021			wire	25,000.00		400,000.00
Conway McKenzie					-		90,282.50
Womble Bond Dickson	May-July 2020			wire	4,485.42		36,533.21

29,485.42 4,156,943.21

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### BANK RECONCILIATIONS Continuation Sheet for MOR-1

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

	Oper	ating	Pay	roll	Т	ax	0	ther
DAY ANGE DED DOOMS	#		#		#		#	
BALANCE PER BOOKS	18,137,793						492,317	
BANK BALANCE	18,144,245		-				492,317	
( ) DEDOGITE DI TRANCIT (ATTACH LICT)								
(+) DEPOSITS IN TRANSIT (ATTACH LIST) (-) OUTSTANDING CHECKS (ATTACH								
LIST)	6,451							
OTHER (ATTACH EXPLANATION)	40.407.700						400.045	
ADJUSTED BANK BALANCE *  * Adjusted bank balance must equal	18,137,793						492,317	
balance per books							_	
DEPOSITS IN TRANSIT	Date				Amoun	t I	1	
CHECKS OUTSTANDING	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #	Amount
CHECKS OF ISTANDING	418206	32.70	CII. II	Amount	CR. II	Milount	CR. W	rimount
	418207	141.44						
	418211	5,892.23						
	418213	385.00						
	_							
OTHER								
OTHER								
<u> </u>								

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## SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID

This schedule is to include all retained professional payments from case inception to current month.

		Ch	eck	Amor	unt Paid	Year-	To-Date
Period Covered	Payor	Number	Date	Fees	Expenses	Fees	Expenses
					•		·
February 2021	Earth Fare, Inc.	wire	3/17/2021	20,934.05		488,664.21	-
January 2021	Paid from Escrow	n/a	3/15/2021	14,341.20	5.44	960,091.46	4,930.70
							1,900.03
							-
						190,520.01	124.20
		1					
	Period Covered  February 2021  January 2021	February 2021 Earth Fare, Inc.	Period Covered Payor Number  February 2021 Earth Fare, Inc. wire	February 2021 Earth Fare, Inc. wire 3/17/2021	Period Covered Payor Number Date Fees  February 2021 Earth Fare, Inc. wire 3/17/2021 20,934.05	Period Covered Payor Number Date Fees Expenses  February 2021 Earth Fare, Inc. wire 3/17/2021 20,934.05	Period Covered         Payor         Number         Date         Fees         Expenses         Fees           February 2021         Earth Fare, Inc.         wire         3/17/2021         20,934.05         488,664.21           January 2021         Paid from Escrow         n/a         3/15/2021         14,341.20         5.44         960,091.46           192,527.50         460,913.39

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## STATEMENT OF OPERATIONS

(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	-	34,330,432
Less: Returns and Allowances		-
Net Revenue	-	34,330,432
COST OF GOODS SOLD		
Beginning Inventory	-	31,432,692
Add: Purchases	-	140,003
Add: Cost of Labor	-	-
Add: Other Costs (attach schedule)	-	-
Less: Ending Inventory	-	-
Cost of Goods Sold	-	31,572,695
Gross Profit	-	2,757,737
OPERATING EXPENSES		
Advertising	-	76,006
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	-	1,291,769
Insider Compensation*	21,758	629,053
Insurance	91,514	521,810
Management Fees/Bonuses	-	-
Office Expense	6,805	584,580
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	_	3,883
Rent and Lease Expense	_	3,866,286
Salaries/Commissions/Fees	11,413	6,041,287
Supplies	-	57,041
Taxes - Payroll	_	767,944
Taxes - Real Estate	69,735	165,504
Taxes - Other	-	36,523
Travel and Entertainment	-	52,031
Utilities Utilities	_	1,871,253
Other (attach schedule)	_	754,473
Total Operating Expenses Before Depreciation	201,225	16,581,991
Depreciation/Depletion/Amortization	-	10,301,771
Net Profit (Loss) Before Other Income & Expenses	(201,225)	(13,824,254)
OTHER INCOME AND EXPENSES	(201,223)	(13,024,234)
Other Income (attach schedule)		9,196,287
Interest Expense	-	7,170,207
Other Expense (attach schedule)		
Net Profit (Loss) Before Reorganization Items	(201,225)	(4,627,967)
REORGANIZATION ITEMS	(201,223)	(4,027,707)
Professional Fees	50,419	6,266,536
U. S. Trustee Quarterly Fees	30,419	323,941
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		323,341
Gain (Loss) from Sale of Equipment		<u> </u>
Other Reorganization Expenses (attach schedule)		
Total Reorganization Expenses	50,419	6,519,431
	30,419	0,319,431
Income Taxes		(11 147 200)
Net Profit (Loss)	(251,644)	(11,147,398)

<sup>\*&</sup>quot;Insider" is defined in 11 U.S.C. Section 101(31).

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## STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
Other Costs		
Other Costs		
PACA/PASA CLAIMS	-	9,291,731
Other Operational Expenses		
Other Income		
Utility Deposit Refunds	-	245,065
Insurance Refunds	6,236	291,642
Sale of Alcohol Permit		94,050
Sales Tax Refund	-	62,582
Other Expenses		
Other Expenses		

## Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

In re Earth Fare, Inc., et al.,

Debtors Reporting Period:

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## BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF	BOOK VALUE ON PETITION DATE
CURRENT ASSETS	CURRENT MONTH	
Unrestricted Cash and Equivalents	18,630,110	11,405,448
Restricted Cash and Cash Equivalents (see continuation sheet)	-	-
Accounts Receivable (Net)	1,490,314	2,197,913
Notes Receivable	-	-
Inventories	1	31,432,692
Prepaid Expenses	1,753,435	2,056,393
Professional Retainers	-	-
Other Current Assets (attach schedule)	-	-
TOTAL CURRENT ASSETS	21,873,859	47,092,446
PROPERTY AND EQUIPMENT		
Real Property and Improvements	-	-
Machinery and Equipment	1	94,736,712
Furniture, Fixtures and Office Equipment	-	58,152,471
Leasehold Improvements	-	77,881,545
Vehicles	-	328,624
Less Accumulated Depreciation	-	(132,334,615)
TOTAL PROPERTY & EQUIPMENT	-	98,764,736
OTHER ASSETS		
Loans to Insiders*	-	-
Other Assets (attach schedule) **		
TOTAL OTHER ASSETS	-	-
TOTAL ASSETS	21,873,859	145,857,182

LIABILITIES AND OWNER EQUITY  LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
Accounts Payable	-	2,348,950
Wages Payable	-	1,628,368
Notes Payable	-	-
Rent / Leases - Building/Equipment	-	2,300,000
Secured Debt / Adequate Protection Payments	-	-
Professional Fees	-	-
Amounts Due to Insiders*	-	-
Other Postpetition Liabilities (attach schedule)	-	-
TOTAL POSTPETITION LIABILITIES	-	6,277,318
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	60,250,000	60,250,000
Priority Debt	14,800,000	14,800,000
Unsecured Debt	97,848,906	115,571,794
TOTAL PRE-PETITION LIABILITIES	172,898,906	190,621,794
TOTAL LIABILITIES	172,898,906	196,899,112
OWNER EQUITY		
Capital Stock	46,000,000	46,000,000
Additional Paid-In Capital	68,465,270	68,465,270
Retained Earnings - Pre-Petition	(122,979,894)	(122,979,894)
Retained Earnings - Postpetition	(11,147,398)	-
Adjustments to Owner Equity (attach schedule)	-	-
Postpetition Contributions (Distributions) (Draws) (attach schedule)	-	-
NET OWNER EQUITY	(19,662,022)	(8,514,624)
TOTAL LIABILITIES AND OWNERS' EQUITY	153,236,883	188,384,488
	(131,363,024)	(42,527,306)

<sup>\*&</sup>quot;Insider" is defined in 11 U.S.C. Section 101(31).

<sup>\*\*</sup> The book value of "Other Assets" as of the petition date is listed as an historical estimate and is used solely for accounting purposes.

Reporting Period:

**Case No. 20-10256** 03/01/21 - 03/31/21

## **BALANCE SHEET - continuation sheet**

Other (	ASSETS Current Assets	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE	
Other C	Surrent Assets	CORREIVI MOIVIII		
Other A	Assets			
	Prepaid Expense - Non Current	134,316	435,485	
	Deposits	480,077	622,352	
*	Goodwill	-	25,779,218	
*	Non Amortizable Intangible - Brand Name	-	15,200,000	
*	UPC Registration	<u> </u>	10,842	
*	Brand Mark	_	79,886	
*	Loan Fees		1,229,251	
*	Alcohol Licenses		191,921	
*	Deferred Leasing Costs	-	391,286	
*	Accumulated Amortization		(1,412,935)	
	Intangible Assets - Net	614,393	41,469,469	
	Intangible Assets - Net	014,393	41,409,409	
	LIABILITIES AND OWNER EQUITY	AT END OF	BOOK VALUE ON PETITION DATE	
Other P	LIABILITIES AND OWNER EQUITY Postpetition Liabilities	AT END OF CURRENT MONTH		
Other P				
	Postpetition Liabilities			

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

<sup>\*</sup> The book values of "Other Assets" as of the petition date are listed at historical estimates and are used solely for accounting purposes.

 In re Earth Fare, Inc., et al.,
 Case No. 20-10256

 Debtors
 Reporting Period:
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#### STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero. Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes. Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	-		-			0
FICA-Employee	-		1			0
FICA-Employer	-		1			0
Unemployment	-		1			0
Income	-		1		ı	0
Other:	-		-		1	0
Total Federal Taxes	-		1		ı	0
State and Local						
Withholding	-		-			0
Sales	-		-			-
Excise	-		1			0
Unemployment	-		ı			0
Real Property	-		-		-	-
Personal Property	-		-		•	-
Other:	-	, and the second	1	-	ı	0
Total State and Local	-		-	-	ı	-
Total Taxes	-		-	-	ı	-

## SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					
	Current	0-30	31-60	61-90	Over 90	Total
						-
Wages Payable	-					-
Taxes Payable						-
Rent/Leases-Building		-			-	-
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees						-
Amounts Due to Insiders*						-
Other:						-
Other:						-
Total Postpetition Debts	-	-	-	-	-	-

 $\label{prop:eq:explain} \textbf{Explain how and when the Debtor intends to pay any past-due postpetition debts.}$ 

<sup>\*&</sup>quot;Insider" is defined in 11 U.S.C. Section 101(31).

**Case No. 20-10256**Reporting Period: 03/01/21 - 03/31/21

## ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount		
Total Accounts Receivable at the beginning of the reporting period	1,503,126		
+ Amounts billed during the period	-		
- Amounts collected during the period	12,811		
Total Accounts Receivable at the end of the reporting period	1,490,314		
Accounts Receivable Aging	Amount		
0 - 30 days old	-		
31 - 60 days old	-		
61 - 90 days old	-		
91+ days old	3,125,467		
Total Accounts Receivable	3,125,467		
Amount considered uncollectible (Bad Debt)	(1,635,153)		
Accounts Receivable (Net)	1,490,314		

## DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
Have any assets been sold or transferred outside the normal course of business		
this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession		
account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation		
below.	X	
4. Are workers compensation, general liability and other necessary insurance		
coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide		
documentation identifying the opened account(s). If an investment account has been opened		
provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X